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EX PARTE

September 29, 1994

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

RE: In the Matter of Price Cap Performance Review for Local Exchange Carriers
CC Docket No. 94-1

Dear Mr. Caton:

Today representatives of Sprint Corporation met with Ms. Ruth Milkman of Chairman Hundt's office and Mr. Richard Welch of Commissioner Chong's office to discuss issues in the above referenced matter. Information on the attached, relative to Sprint's comments and reply comments submitted on May 9 and June 29, 1994, respectively, was discussed.

Representing Sprint were Mssrs. Jay Keithley, Warren Hannah, Jim Sichter and John Ivanuska. Sprint asks that this information be added as part of the record in this matter.

Sincerely,

Jay C. Keithley
Vice President
Law and External Affairs

Attachment

cc: Ms. Ruth Milkman
Mr. Richard Welch

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SPRINT PRICE CAP REFORM PLAN

SPRINT PRICE CAP REFORM OBJECTIVES

OBJECTIVE

Achieved Through:

- | | |
|--|--|
| <ul style="list-style-type: none">• INCREASED CONSUMER BENEFITS• INCREASED INCENTIVES FOR PRODUCTIVITY/INFRA-STRUCTURE INVESTMENT• <u>MEASURED</u> STEPS TO ENHANCE LEC's COMPETITIVENESS | <ul style="list-style-type: none">• Access Rate Reductions Greater Than Existing Price Cap Plan• Higher Productivity Offset• Elimination Of Sharing• Immediate Implementation Of Zone Density• Targeted Reductions To High Density Zone Rates• Transport Residual Interconnection Charge (RIC) Phaseout |
|--|--|

SPRINT PRICE CAP REFORM PLAN SUMMARY

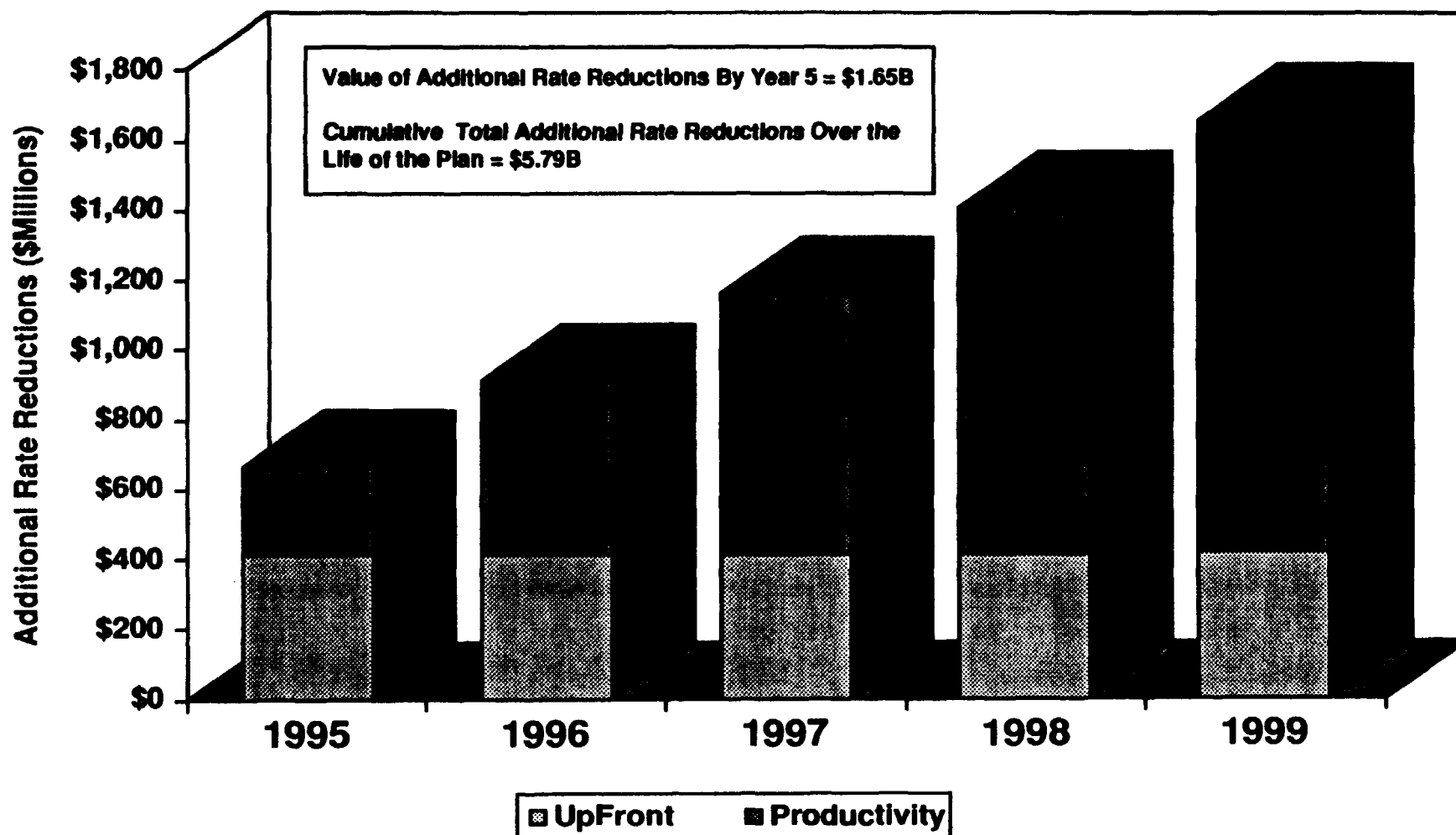
- **5 Year Plan**
- **Incremental Modification Of Existing Price Cap Plans**
 - **More far-reaching access reform (e.g., USTA proposal) not appropriate or necessary at this time**

Key Changes To The Existing Price Cap Plan

- **4.5% Productivity Offset**
 - **1.7% targeted to transport residual phasedown**
 - **.8% effected through adoption of the per line cap for the CCLC**
 - **2.0% productivity offset applicable to all baskets**
- **2% Upfront Rate Reduction**
 - **Targeted to:**
 - » **High density zone transport rates, and/or**
 - » **CCLC**
 - **Requires immediate implementation of zone density**
- **Elimination of Sharing/Lower Formula Adjustment Mark (LFAM)**

Access Rate Reductions Under The Sprint Price Cap Plan

Compared to the Existing Price Cap Plan*



Access Rate Reductions Under Price Caps

